

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended September 30, 2020 (Based on Japanese GAAP)

November 12, 2020

Company name: ELAN Corporation
 Stock exchange listing: Tokyo
 Stock code: 6099 URL <https://www.kkelan.com/>
 Representative: President Hideharu Sakurai
 Inquiries: Executive Officer, IR Office Manager Hideo Hara TEL 0263 - 41 - 0760
 Scheduled date to file Quarterly Securities Report: November 13, 2020
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended September 30, 2020 (from January 1, 2020 to September 30, 2020)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended September 30, 2020	18,854	19.6	1,536	36.2	1,550	36.8	1,042	38.0
Nine months ended September 30, 2019	15,761	15.0	1,128	11.9	1,133	12.1	755	14.3

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended September 30, 2020	34.41	–
Nine months ended September 30, 2019	24.93	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2020	10,216	5,783	56.6	190.86
As of December 31, 2019	9,236	5,021	54.4	165.71

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2019	–	0.00	–	9.00	9.00
Year ending December 31, 2020	–	0.00	–		
Year ending December 31, 2020 (Forecast)				12.00	12.00

3. Forecast of consolidated financial results for the year ending December 31, 2020 (from January 1, 2020 to December 31, 2020)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	25,000	16.2	1,800	20.6	1,800	19.9	1,200	21.3	39.60

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended September 30, 2020
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2020	30,300,000 shares	As of December 31, 2019	30,300,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2020	440 shares	As of December 31, 2019	440 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended September 30, 2020	30,299,560 shares	Nine months ended September 30, 2019	30,299,560 shares
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Quarterly consolidated financial statements

Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2019	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	3,472,071	3,726,541
Accounts receivable - trade	2,779,071	3,046,453
Merchandise	753,791	735,812
Supplies	12,761	13,734
Accounts receivable - other	1,697,463	1,675,781
Other	43,472	51,970
Allowance for doubtful accounts	(431,490)	(449,886)
Total current assets	8,327,140	8,800,408
Non-current assets		
Property, plant and equipment	311,526	308,024
Intangible assets		
Goodwill	87,941	58,627
Other	107,964	97,288
Total intangible assets	195,906	155,916
Investments and other assets		
Other	447,704	1,006,331
Allowance for doubtful accounts	(45,825)	(53,912)
Total investments and other assets	401,879	952,419
Total non-current assets	909,311	1,416,360
Total assets	9,236,452	10,216,768
Liabilities		
Current liabilities		
Accounts payable - trade	3,340,056	3,612,617
Income taxes payable	333,285	269,844
Provision for bonuses	—	33,091
Other	537,743	514,776
Total current liabilities	4,211,085	4,430,329
Non-current liabilities		
Other	4,342	3,365
Total non-current liabilities	4,342	3,365
Total liabilities	4,215,428	4,433,695
Net assets		
Shareholders' equity		
Share capital	573,496	573,496
Capital surplus	543,496	543,496
Retained earnings	3,919,152	4,689,214
Treasury shares	(238)	(238)
Total shareholders' equity	5,035,906	5,805,968
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(14,882)	(22,894)
Total accumulated other comprehensive income	(14,882)	(22,894)
Total net assets	5,021,024	5,783,073
Total liabilities and net assets	9,236,452	10,216,768

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended September 30, 2019	Nine months ended September 30, 2020
Net sales	15,761,528	18,854,265
Cost of sales	11,720,950	14,091,662
Gross profit	4,040,578	4,762,602
Selling, general and administrative expenses	2,912,357	3,226,071
Operating profit	1,128,221	1,536,530
Non-operating income		
Gain on sales of non-current assets	854	100
Subsidy income	2,180	–
Late charges income	4,205	11,686
Other	2,345	4,158
Total non-operating income	9,585	15,945
Non-operating expenses		
Loss on retirement of non-current assets	4,537	–
Loss on sales of non-current assets	–	124
Commitment fee	–	2,000
Other	10	19
Total non-operating expenses	4,547	2,143
Ordinary profit	1,133,259	1,550,332
Profit before income taxes	1,133,259	1,550,332
Income taxes - current	386,862	503,927
Income taxes - deferred	(8,959)	3,647
Total income taxes	377,902	507,574
Profit	755,357	1,042,757
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	755,357	1,042,757

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended September 30, 2019	Nine months ended September 30, 2020
Profit	755,357	1,042,757
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,700)	(8,011)
Total other comprehensive income	(1,700)	(8,011)
Comprehensive income	753,657	1,034,745
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	753,657	1,034,745
Comprehensive income attributable to non-controlling interests	—	—